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S E C R E T MADRID 003302

SIPDIS

ISN/CBM FOR VANN VAN DIEPEN

E.O. 12958: DECL: 09/16/2020

TAGS: [PARM](#) [PREL](#) [ETTC](#) [SP](#) [IR](#) [CBW](#)

SUBJECT: SHIELD S59A-03: TELSTAR TO END IRAN SALES

REF: STATE 110923

Classified By: PolCouns Kathleen Fitzpatrick for reasons 1.4 (b) and (d).

1. (S) Summary: Representatives of Spanish firm Telstar met with ISN/CBM Director Vann Van Diepen on September 16 to explore Telstar's options for exporting its products to Iran. Van Diepen explained that, under the agreement that Telstar made to get previous Iran Nonproliferation Act (INPA) sanctions lifted, any Telstar sales to Iran would lead to the Department reimposing sanctions. Telstar indicated that it now understood the breadth of U.S. requirements and would not engage in sales to Iran, including canceling its planned sale of steam sterilizers (reftel). End Summary.

2. (S) On September 16, ISN/CBM Director Vann Van Diepen and PolMilOff met with Telstar CEO Ton Capella and legal adviser Xavier Bou in Madrid to discuss potential Telstar sales to Iran. Capella explained that Telstar was confused by U.S. policy and wanted to clarify whether it could sell any products to Iran. Capella said that Telstar had been careful to meet Spanish and EU rules, and didn't understand why the US would prohibit Telstar from exporting "non-dual-use" products to Iran as long as it followed these rules.

3. (S) Van Diepen agreed that Telstar appeared to have met EU and Spanish rules, but explained the U.S. view of Iran that led to the INPA, and the much broader scope of INPA-reportable activity as compared to EU and Spanish export controls. Because the U.S. understands that all Telstar products would be of potential utility to a biological weapons program (and therefore "dual-use" regardless of whether they were specifically controlled), any Telstar sales to Iran would lead to a reimposition of sanctions.

4. (S) Capella said that Telstar does significant business in the U.S. and couldn't afford to have sanctions reimposed. He indicated that Telstar would cancel the planned sale of two custom-built steam sterilizers to Iran, even though Telstar would have to break its contract. He asked for assistance from the USG in demonstrating that he had to break the contract due to "force majeure" and also in seeking alternative customers for the sterilizers. Van Diepen said that the USG would do what it could to assist and designated the Embassy as the proper channel for any requests.

5. (S) Capella noted that Telstar's European competitors sell similar products to Iran, but have not received sanctions. Van Diepen explained that, if the USG were to catch others making such sales, it would treat all companies and countries equally as a matter of U.S. policy.

AGUIRRE